

JOINT CAPITAL PLANNING COMMITTEE

Fiscal Year 2012

FY 12 Recommendation Summary

The Joint Capital Planning Committee (JCPC) recommends that 6.25% of the local property tax levy be committed to the capital plan for Fiscal Year 12. That's about the same percentage JCPC recommended for FY 11. However, because one project was withdrawn just before last year's Town Meeting, the actual percentage of the tax levy used for FY 11 was 5.64%, the lowest it's ever been and a reduction of \$144,184 from the 6.51% of the levy used in FY 10. Earlier capital plans used as much as 10% of the tax levy. More tax dollars were spent on capital projects in Fiscal Years 05, 06 and 07 than we are recommending for next year. To meet this limit JCPC has postponed more than \$700,000 in expenditures initially proposed for FY 12. Near the end of this report is a prioritized list of projects to fund if more money becomes available, and three projects to be postponed if only 6% of the levy is allocated.

In addition to property taxes, money for the recommended Five Year Capital Plan will come from enterprise and other special purpose funds of the Town, grant funds from the federal and state government and from unexpended balances from previously authorized capital projects. Besides funding outright purchases, the capital budget pays off debt incurred previously for capital projects; the FY 12 plan includes the first year of debt service on \$4.5 million in borrowing Town Meeting approved in November 2010 to start repairing the Town's deteriorating roads. In addition, the Community Preservation Act Committee recommends projects to be paid for from Community Preservation Act (CPA) funds as detailed in the separate report from the Community Preservation Act Committee.

Shown in purple type in the accompanying pages are CPA projects approved by Town Meeting for FY 11 and a total of \$175,851 for FY 12 to repay from CPA funds debt incurred for previously approved projects.

After the publication of the Joint Capital Planning Committee's report and recommendations for Fiscal Year 12, the Town received information about the Massachusetts House and Senate plans for distributing State Aid. Those new aid figures allowed the JCPC to recommend two projects on the Prioritized Project Restoration List.

Recommendations for FY 12 capital plan funding total \$1,851,956 plus Community Preservation Act debt reimbursements of \$ 175,851 and include \$851,456 for equipment, \$217,000 for buildings and \$788,500 for facilities.

Why Capital Planning?

JCPC, comprising two representatives each from the Select Board, School Committee, Jones Library Board of Trustees, and Finance Committee, advises the Town Manager, Finance Committee, and Town Meeting on the capital needs of the Town. It was organized in 1992 as the Town began to recover from the fiscal crisis of the early 1990s, when state aid was reduced, property tax limits were imposed, and the Town used reserves and unexpended capital appropriations to balance three years of operating budgets. Capital needs were so neglected that

antiquated equipment did not work; building maintenance and repairs fell far behind. It has taken 18 years of careful planning and management to get equipment on regular replacement schedules and buildings free of some of the health and safety problems that arose from failure to keep up those facilities during that period.

During the most recent fiscal crisis State aid was again reduced: by 21.5% in Fiscal Year 2010 and 4% in FY 11, with a further reduction of 7% to 9% expected for FY 12. Many cities and towns, including Amherst, are faced with often-conflicting needs to meet increasing operating expenses, satisfy capital needs, and rebuild reserves. The Financial Management Policies and Objectives adopted by the Finance Committee in January 2008 and reviewed by JCPC acknowledge the need to adequately fund a viable multi-year capital plan to maintain infrastructure, replace worn equipment, and provide for other long-range capital assets.

What are Capital Improvements?

A capital improvement is a tangible asset or project with an estimated useful life of five (5) years or more, and a cost of \$5,000 or more. Among the items properly classified as capital improvements are:

- New public buildings, or additions to existing buildings, including land acquisition costs and equipment needed to furnish the new building or addition for the first time;
- Major alterations, renovations, or improvements to existing buildings that extend the useful life of the existing buildings by ten (10) years;
- Land acquisition and /or improvement, unrelated to a public building, but necessary for conservation or park and recreation purposes;
- Major equipment acquisition, replacement or refurbishment, including but not limited to vehicles, furnishings, and information technology systems' hardware and software; or other items that combined in purpose together make it a Capital Project;
- New construction or major improvements to Town's physical infrastructure, including streets, sidewalks, storm water drains, the water distribution system, and the sanitary sewer system. Infrastructure improvements must extend the useful life of the infrastructure by at least ten (10) years to be appropriately classified as a capital improvement;
- A feasibility study, engineering design services, or consultant services which are ancillary to a future capital improvement project.

How Are Capital Needs Prioritized?

JCPC reviews requests for capital plan funding that meet several criteria. Successful capital planning facilitates postponing some capital expenditures in favor of others as part of the planning process. JCPC has adopted the following guidelines for prioritizing capital projects, with examples listed in parentheses. The guidelines themselves are not necessarily listed in priority order:

- Imminent threat to health and safety of citizens, employees or property (police cruisers and radios, SCBA self-contained breathing apparatus);
- Maintenance and improvement of capital assets (major repairs of buildings, replacement of vehicles and equipment, park and play area renovations);

- Requirement of state or federal law (asbestos cleanup program mandated by federal law in 1986, removal of gas tanks, etc);
- Improvement of the infrastructure (streets and sidewalks, water and sewer programs);
- Improvement/maintenance of productivity (equipment replacement, computer hardware / software);
- Improvement of an overburdened situation (Town Hall renovations, cemetery expansion program);
- Newly identified need (recreation fields);
- Priority assigned by Department (Very High, High, Medium, Low); and
- Consistency with and in furtherance of long-term planning objectives of the Town (Master Plan, Climate Action Plan, Historic Preservation Plan, etc.).

Where Does The Money Come From?

Funds for the recommended Five Year Capital Plan will come from the same sources as before: property taxes, enterprise and other special purpose funds of the Town, grant funds from the federal and state government and from unexpended balances from previously authorized capital projects. This plan assumes commitment of 6.25% of the local property tax levy in FY 12, about the same percentage recommended for FY 11 (though less was voted due to last-minute withdrawal of one request). In FY 10, 6.51% of the levy was used; in FY 09, it was 7.25%. Earlier capital plans used as much as 10% of the tax levy, which along with the other resources was enough, or almost enough, to keep up with renovation and maintenance of existing buildings and equipment replacement, but not enough to cover significant new projects. We haven't come close to this goal since FY 07, when the capital plan used 8.2% of the levy. The override of the Proposition 2½ property tax limit approved by voters on March 23, 2010, funded operating budgets of the Town, Elementary Schools, Regional Schools and Libraries; none of the additional revenue raised through the override was designated for capital spending in FY 11.

Using just 6.25% of the levy, JCPC has had to postpone or eliminate more than \$700,000 in expenditures initially proposed for FY 12. At the end of this report is a prioritized list of the most crucial projects to be funded if additional money becomes available for FY 12. Those that cannot be funded with even the most optimistic revenue projections include some computer equipment replacements for the Town and elementary schools; furniture and equipment replacement in various municipal, library and school buildings; a replacement truck for the Department of Public Works; a security system at the Department of Public Works facility, already postponed from the previous year; upgrading the parking area at Crocker Farm School; matching funds for design and construction of Kendrick Park as a new public park; and renovations to War Memorial Pool.

The Recommended Capital Plan – A One Year Budget, A Five Year Plan

The General Fund Five Year Capital Plan for FY 12-16 includes voted appropriations from FY 11, a proposed budget for FY 12, and a tentative plan of capital investment for the period FY 13-16. JCPC will work next fall and winter to balance projected expenditures with projected available revenues for those subsequent years. The total capital budget in any fiscal year is comprised of direct cash expenditures for capital items, debt service (interest and principal) on all prior bonded expenditures, and debt service on new authorized and issued bonds, if any.

The plan is organized into three categories of projects: major equipment (vehicles, technology, etc.), building needs, and facilities needs (road maintenance, parks, open space, etc.). JCPC has also received a report on recommendations developed by the Community Preservation Act (CPA) Committee for eligible community housing, open space, historic preservation, and recreation projects funded from the local voter-approved 1.5% property tax CPA surcharge and matching state funds. JCPC appreciates the CPA Committee's cooperation and coordination of their recommendations to allow presentation of both plans at the Annual Town Meeting. Recommendations for FY 12 capital plan funding total \$1,761,956 plus Community Preservation Act projects of \$175,851 and include the following:

Equipment [Note: Included in 2010 ATM Article 17 unless otherwise noted]

JCPC recommends a total of \$806,456 for equipment items. Of this total, grants account for \$55,852, the Ambulance Fund supports the purchase of \$70,000 ambulance equipment and defibrillators, and taxation funds the remaining \$680,604.

Town technology infrastructure equipment replacement (computers and network equipment) is recommended for \$123,000 and includes scheduled replacements of servers, PCs, printers, routers, switches, and other critical Town technology systems. Other Town technology-related items include \$15,000 to purchase a high volume color photocopier for the first floor of Town Hall and \$30,000 to replace the servers that power the Town-wide IP phone system. Those servers are out of warranty and are crucial for maintaining and operating the phone system.

JCPC recommends \$105,000 for the replacement of three police cruisers. The Amherst Police Department currently utilizes 11 marked police vehicles (black and white) and 3 unmarked police vehicles (silver) for routine patrol. Chief Livingstone has revised the department's longstanding protocol for vehicle replacement by replacing patrol vehicles after they reach approximately 100,000 miles and administrative vehicles after they reach approximately 120,000 miles. This results in a reduction from four to three for the annual replacement of vehicles and the need to replace an additional fourth vehicle only once every three years on average. In addition, \$10,000 is recommended to replace two police cruiser in-car video cameras. It is important for both the protection of police personnel and the protection of the public that the police provide video and audio recording of all of their motor vehicle stops. This is the second year of a three-year replacement program.

Fire equipment includes \$15,000 for a new thermal imaging camera, \$15,000 to purchase and relocate transmission equipment for the backup communications system, and \$12,000 to replace portable radios on Engines 3, 4, 5 and the Ladder truck. The original thermal imaging cameras were procured for the Fire Department through a fund-drive in 2000 after the Worcester Fire Department lost seven firefighters in the Cold Storage Warehouse fire in December 1999. The shelf life is 10 years and the units have begun to experience failures and need to be replaced. New technology also makes the units more efficient and lighter, and gives a clearer picture of the environment in smoke. Thermal imagers are essential equipment for today's firefighters to locate trapped victims in a building and to locate fire hidden in walls and ceilings. This is the second year of a three-year replacement project. The Fire Department must replace its backup communication equipment in order to comply with federal requirements for narrow band public safety radio equipment. Additionally, the department has found that the existing backup communications equipment is not as effective as it should be. Tests revealed gaps in coverage

around town. Backup communications capabilities need to be as efficient as the primary system for the safety of our providers and those who depend on our services. The relocation project will be done in conjunction with a \$55,852 grant-funded project to replace radio equipment. The portable radios are due for replacement; they were procured originally under a federal grant in 2002 and are at the end of useful life. Engines 1 and 2 had their units replaced in FY 10. The Department is also using \$70,000 of Ambulance Funds to purchase two defibrillators and five ambulance stretchers. JCPC recommends expending \$40,000 to replace firefighter protective gear (helmet, coat, bunker pants, and boots). Replacing this equipment is required every 5 years due to high usage. Sunlight and other environmental factors serve to break down the critical elements of the protective ensemble. Incident response also contributes to equipment degradation over time. The Fire Department has proposed changing the system it uses to replace protective gear. It has a goal of securing funding of \$40,000 per year, over several fiscal years in order to replace protective gear on a regular basis, thus providing firefighters the protection they need to operate in hostile and hazardous environments. The Department will also seek alternative funding sources, such as Federal grants and other sources. If successful, Town funds would be returned to the capital account.

Public Works equipment includes funding for two pieces of ground equipment. \$12,000 is for the purchase of a ground groomer. This is a request to replace an existing piece of equipment that is used to groom and repair the earth infield of several baseball and softball fields. The current machine is a 1995 model; it is over 15 years old. \$16,500 is to replace an existing Scag mower with a John Deere 9907 ZTRAK 60" mower, with leaf collector. Also recommended is \$40,000 for a pavement line painter. Since this work is currently contracted out, the DPW has little to no ability to change or add streets that need painting during the course of the season. This purchase will allow the DPW to respond quickly to changing roadway conditions and paint road center lines, bike lanes, crosswalks and other street markings.

The Cherry Hill Golf Course will replace a fairway mower. This piece of equipment will replace the National Triplex mower at the golf course. The old mower has well over 10,000 hours on it and is 24 years old. It is constantly being repaired and has become increasingly expensive to maintain. The new mower will be bought with a three year lease with payments of \$14,154.13 each year and a buyout of \$1.00.

Library equipment includes an annual allocation of \$20,000 for technology infrastructure and \$5,000 for photocopier replacement. Technology acquisition and maintenance at the libraries are overseen by and coordinated with the Town's IT Department.

Recommended School equipment items total \$247,450, including \$28,000 to replace a van used to transport Special Education students and \$25,000 to upgrade the phone system. Also recommended is \$19,550 for multimedia audio/visual equipment and \$174,900 for computer equipment for replacement of servers, switches, desktops, printers and similar computer and networking equipment and to update and maintain the network infrastructure.

Buildings [Note: Included in 2011 ATM Article 18 unless otherwise noted]

JCPC recommends a total of \$217,000 for building repairs and renovations. The Town Hall computerized energy management system will be upgraded with a recommended appropriation of \$25,000. This sum will pay for an upgrade of the energy management software and allow for

web access to the system. The old software is no longer supported. Another \$25,000 is recommended for building envelope repairs for all town buildings. The Facilities Director asked that this sum be set aside to cover the costs of unexpected repairs to roofs, HVAC units, and other items that arise during the course of the year.

The Bangs Community Center recommendation is for \$25,000 to supplement a previous appropriation to fund repairs to the sidewalks leading to the Center. The sidewalks and the outside patio are in need of repair. There are several uneven surfaces, including several trip points. The project would pour new concrete and reset some of the brickwork to smooth the surfaces. The total cost of the project is \$50,000.

Public Works recommendations include \$5,000 for ongoing facility improvements/repairs at the DPW Garage. This annual request is used to do capital upgrades that are unexpected and unplanned during the year.

The Jones Library is allocated \$8,000 to add to the \$50,000 appropriated last year to replace the failing cooling tower component of the heating, ventilation and air-conditioning system. The actual cost is higher than last year's estimate.

JCPC recommends \$5,000 to complete the installation of school security equipment. These funds will be used for new door locks and crash bars, location identification for police and fire, communication systems radios, and PA system upgrades. In an effort to protect our students and staff, this is a continuum. Each year the buildings are assessed by the Amherst police and fire departments. The outcome is generally recommendations to improve security to protect against the newest threat.

JCPC also recommends \$10,000 to install routine software updates and modifications to allow the schools' Energy Management System to continue functioning. The system was put in over ten years ago and very little to no maintenance has been done to the software. If the system is not upgraded, energy costs will rise due to the lack of control. This could be used in conjunction with a grant from the DOER for energy initiatives across the schools such as storm windows, insulation, burners, etc.

\$20,000 is needed for ongoing asbestos removal at all schools.

\$15,000 is recommended for a wetlands restoration project at the Crocker Farms School. Drainage ditches in the area are plugged and water from the adjoining wetlands has encroached onto the soccer fields. This project will prevent that encroachment and, in accordance with plans approved by the Conservation Commission, create compensating wetlands areas. The boiler at the Fort River School will be replaced. This conversion will change the heating system from an old oil fueled boiler to a new set of six staged gas fired boilers. Berkshire Gas will provide the service and gas line piping at no cost to the Town. The new system is projected to result in energy savings of at least \$30,000 per year. The total cost of the project is approximately \$360,000, including the cost of abating asbestos and removing the old oil tank. The recommended allocation for this project is \$55,000. This recommended allocation is supplemented by an \$89,000 federal Energy Efficiency and Conservation Block Grant and previous appropriations.

\$12,000 is needed to replace the hot water tank at the Wildwood School, which failed earlier this year. The Facilities Division abated the asbestos and applied a rubber patch to it, but this is a temporary solution. The tank supplies the school's entire hot water needs and a serious failure would mean the school would have to close pending repairs. \$12,000 is allocated to repair the Wildwood School courtyard, which over many years has become overgrown and is now a mold-breeding area. Removing all the brush and patching cracks is labor-intensive hand work.

Facilities [Note: Included in 2010 ATM Article 18 unless otherwise noted]

A total of \$738,500 is recommended for facilities needs, of which \$199,500 is funded via taxation. \$500,000 for road maintenance and repairs is funded by state Chapter 90 funds. [Article 16]. Other public works-related items include \$30,000 to continue a multi-year project to tackle the backlog of sidewalk repairs that have accumulated. This money will be pooled with the Chapter 90 money to address the sidewalks on town streets. \$40,000 is requested to fund the replacement and upgrade of storm drains on Cottage Street at Triangle Street, an area that has chronic flooding problems during heavy rainfall. JCPC recommends \$6,000 to allow the Public Works Department to re-lamp a portion of the existing streetlights each year with more energy efficient bulbs. These funds will also be used to replace existing residential lampposts in many of the older neighborhoods with underground power services. JCPC recommends \$12,500 for the fourth year of a multi-year program to purchase and plant new street trees each year. This funding allows for the purchase of approximately 25 trees. Between 2000 and 2005, Amherst removed 513 street trees and planted only 38, a net loss of 475 trees in Amherst's public ways and public spaces. More extensive tree inventorying and planning is also underway.

JCPC has endorsed spending \$100,000 to complete a GIS floodplain mapping project. This project is a very high priority for the Planning Department and is the culmination of a multi-year effort. Consultants have estimated that this project, if done by the community alone, could cost as much as \$250,000. This request would cover the services of a consultant to analyze and map floodplains and floodways with the new GIS data provided by the LIDAR fly-over. Town staff will also contribute significant time and resources to the project. This analysis would allow the development of new Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps for Amherst, as well as new Flood-Prone Conservancy (FPC) zoning district boundaries. Without new flood area boundaries, Amherst's Official Zoning Map cannot be effectively or accurately redrawn. The need for this work has been in discussion for more than a decade, and its lack has been obstructing completion of other much-needed rezoning for the community and may impede village center planning efforts already underway. Amherst will petition to become a Technical Partner with FEMA, under which arrangement FEMA might be willing to underwrite some of the costs of this project. JCPC recommends expending \$50,000 to hire a transportation consultant to develop town-wide transportation plan to implement the goals and objectives of the Town Master Plan. The purpose of this plan is to create a comprehensive, street by street inventory of existing road conditions and a list of design options, including bike lanes, sidewalks, bus pull-off areas, and traffic calming measures to be used in future road repair and reconstruction projects.

Finally, the JCPC recommends spending \$50,000 for consulting services to aid the Assessor with data analysis for the revaluation of all residential property in the Town. The Assessing Department is in the process of inspecting all residential properties for the coming year. It has

been many years since all properties have been inspected and it is the fairest way to ensure that everyone is assessed equitably. An inspection allows the assessor to see changes in houses with regard to renovations, additions, physical changes (for good or for bad), and general depreciation. This appropriation will pay for expert consultants to take the raw data from the inspections and perform the statistical work necessary to produce equitable assessments and to submit such information to the Department of Revenue for approval of the assessments.

Key Capital Planning Issues Going Forward

The Five Year Capital Plan is out of balance by approximately \$1,710,399 million, if spending on capital remains at 6.25% of the property tax levy. The five year plan is in balance if spending increases incrementally each year by 0.50% to reach 8% of the tax levy in FY16. In addition, \$2,336,900 million of requested items were completely removed from the Plan because of lack of funds. The Plan identifies several major projects on the horizon, including repairs and renovations of Fort River and Wildwood elementary schools; dredging and beach and trail improvements at Puffer's Pond; a new fire station; and renovating or replacing the 19th century Department of Public Works facility. Many other projects large and small will compete for scarce resources. Because Amherst's debt level is much lower than that of communities with comparably high bond ratings, larger projects might prudently be financed by borrowing, with debt repayments included in the capital plan for future years. But this will be possible only if the Town increases funding allocations to the capital budget over a period of years as recommended by the JCPC and the Finance Committee, either through increased general tax support or earmarked property tax support via a debt exclusion override. An adequately funded capital plan should be a critical component of any long-term financial plan for the Town.

JOINT CAPITAL PLANNING COMMITTEE

Emily Lewis, Library Trustees
Sarah McKee, Library Trustees
Kay Moran (chair), Finance Committee
Catherine Sanderson, School Committee
Doug Slaughter, Finance Committee
Rob Spence, School Committee
Diana Stein, Select Board
Jim Wald, Select Board

Staff Liaisons: Sanford Pooler, Finance Director and Sonia Aldrich, Comptroller